THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) and (b). The German Government have indicated that while the budget for development assistance for 1992 was not yet finalised, commitments could probably be somewhat reduced due to new responsibilities undertaken by Germany and consequent budgetary constraints.

Foreign Currence Preshipment Credit to Exporters

2641. SHRI RABI RAY: Will the Minister of FINANCE be pleased to state:

(a) whether the Reserve Bank of India has allowed the Export-Import Bank of India to provide foreign currency Preshipment Credit to exporters; and

(b) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESHWAR THAKUR): (a) and (b). Yes, Sir. Reserve Bank of India has allowed to operate a scheme under which Indian exporters can avail of Preshipment Credit in foreign currencies to finance cost of imported inputs for manufacture of export products. Under the scheme, EXIM Bank of India will obtain short-term lines of credit in foreign currencies from overseas lenders. The foreign currency funds so raised will be made available to Banks authorised to deal in foreign exchange for onward lending to their exporter customers as pre-shipment credit. The facility of Preshipment credit in foreign currencies will be available to the following categories of exporters, subject to their having a satisfactory track record:-

(a) Export Houses/Trading Houses with Annual export turnover exceeding Rs. 10 crores.

(b) Manufacturing units with minimum export orientation of 25% of production or export turnover of Rs.5 crores, whichever is lower.

The applicable rate of interest on credit to the exporters will be 2% over and above the interest rate at which funds are raised by the EXIM Bank; exporters may also have to pay management fee, commitment fee, etc., if applicable. Repayment of the pre-shipment credit will be made out of sale proceeds of export shipments in respect of which the facility is availed of by the exporter.

Balance of Payments Position

2642. SHRI J. CHOKKA RAO:
SHRI SUSHIL CHANDRA VARMA:

Will the Minister of FINANCE be pleased to state:

(a) whether the foreign exchange reserves position has improved since June 1, 1991;

(b) if so, the balance of payments (foreign exchange reserves) position as to June 1, 1991 and as on date;

(c) the break up of the increase in foreign exchange reserves by cut in imports, export promotion, NRI remittances and foreign loans;

(d) the steps proposed to be taken to maintain the present balance of payments position; and

(e) the reasons for fall in exchange rate of rupee in relation to the Pound Sterling inspite of increase in foreign exchange reserves?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI RAMESH-

WAR THAKUR): (a) and (b). Yes, Sir. Foreign Exchange Reserves position as on June 1, 1991 was Rs. 2677 crores and on December 3, 1991 the Reserves level was Rs.7242 crores.

(c) Change in foreign exchange reserves level is the net result of variations in a large number of items in the trade account, invisible receipts and payments, and in the capital account. It is, therefore, not feasible to specifically quantify the breakup of the increase in foreign exchange reserves through cut in imports, export promotion, NRI remittances and foreign loans.

(d) The steps initiated and proposed to be taken to maintain the Balance of Payments position include; macro economic stabilisation through exchange rate adjustment, restoration of fiscal discipline and tight monetary policy, together with structural reforms in trade policy and industrial policy in the short term;increase in capital flows consistent with financial prudence alongwith their productive use, enhancement of direct foreign investment and inflows from the non-residents Indians over the medium term.

(e) Changes in the exchange rate of rupee vis-a-vis foreign currencies including the Pound Sterling occur mainly owing to differentials in price levels between India and the trading partners, extent of real depreciation of other currencies of countries competing with India, market expectations etc.

[*Translation*]

Trade Agreements with Socialist Countries

2643. SHRI RAM SARAN YADAV:Will the Minister of COMMERCE be pleased to state:

(a) whether the Government have signed trade agreements with some socialist countries;

(b) if so, the details thereof; and

(c) the profit likely to be earned therefrom?

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE (SHRI P. CHIDAMBARAM): (a) Yes, Sir. The Government have signed trade agreements with Soviet Union, Czechoslovakia, Romania, Poland, Hungary, Bulgaria and Yugoslovia.

(b) and (c). The trade agreements with Soviet Union, Czechoslovakia and Romania provide for trade in non-convertible Indian rupees on a balanced basis. The trade agreements with Poland, Hungary, Bulgaria and Yugoslovia provide for trade in convertible currencies. The trade agreements facilitate the smooth flow of trade between the countries concerned.

[English]

Take-Over of Closed Textile Mills by NTC

2644. SHRI RAM SHARAN YADAV: Will the Minister of TEXTILES be pleased to state:

(a) whether the National Textile Corporation propose to take over the closed textile mills;

(b) if so, the details thereof?

(c) whether the Government have formulated any scheme to provide alternative employment to workers rendered unemployed due to closure of the mills;

(d) if so, the details thereof; and

(e) if not, the reasons thereof?